

INCLUDED IN THIS ISSUE

Crop Weather

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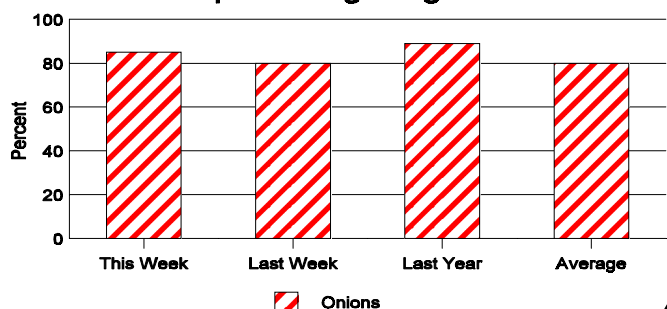
CROP SUMMARY FOR THE WEEK ENDING MARCH 12, 2000

NEW MEXICO: Farmers reported an average 6.4 days suitable for field work. Irrigation and onion planting continued in the southern areas of the State. Onion planting was 85% completed and was in mostly good to excellent condition. Some chile planting also occurred during the week in the warmer locations. Irrigated wheat was in fair to good condition, while the dryland wheat was mostly poor to very poor. Some potato planting has begun. Grass fires continue to plague some counties. Cattle were reported in fair to good condition, while sheep were in mostly poor to fair condition. Pasture and range feed conditions were reported at 15% very poor 33% poor, 40% fair, and 12% good. Some insect damage is already being reported due to the higher than normal temperatures.

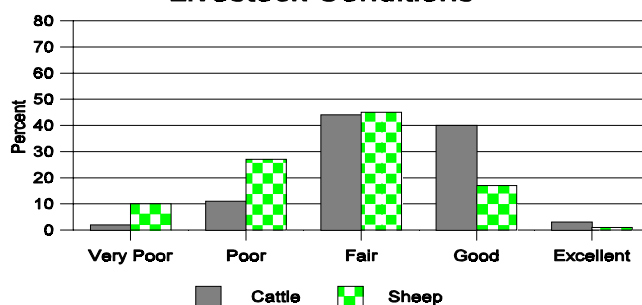
CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
PLANTED	Onions	85	80	89	80

Crop Planting Progress



Livestock Conditions

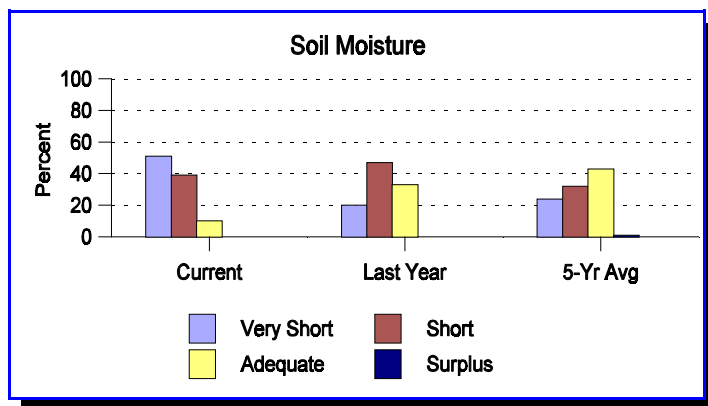


CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	8	8	44	38	2
Chile	2	--	--	98	--
Dry Wheat	48	34	17	1	--
Irrigated Wheat	4	12	60	24	--
Lettuce	5	10	20	20	45
Onions	--	--	20	30	50
Cattle	2	11	44	40	3
Sheep	10	27	45	17	1

SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	34	33	33	---
Northeast	35	61	4	---
Southwest	100	---	---	---
Southeast	87	13	---	---
State	51	39	10	---
State-Last Year	20	47	33	---
State-5-Yr Avg.	24	32	44	1



WEATHER SUMMARY

For the first time in quite a while, temperatures for the state averaged normal for the week. One winter-type storm moved across New Mexico during the first half of the week, but most precipitation totals were less than one quarter of an inch. A few of the "luckier" spots managed to collect over half an inch. Greatest totals included 0.65 inches at Cuba (Johnson Ranch) and 0.58 inches at Clayton.

NEW MEXICO WEATHER CONDITIONS MARCH 6-12, 2000

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	03/06 03/12	03/01 03/12	Normal Mar	01/01 03/12	Normal Jan-Mar
Carlsbad	57.6	80	30	---	0.00	0.30	0.09	1.00
Hobbs	54.0	79	29	0.00	0.00	0.56	0.00	1.50
Roswell	52.5	77	27	0.00	0.00	0.33	0.00	1.14
Clayton	44.6	68	24	0.58	1.34	0.55	1.68	1.10
Clovis	51.3	75	23	---	0.38	0.59	0.40	1.49
Roy	---	---	---	0.00	0.00	0.55	0.00	1.32
Tucumcari	51.9	76	23	---	0.17	0.40	0.17	1.13
Chama	31.9	52	10	0.33	0.39	1.99	3.09	5.34
Johnson Ranch	35.2	56	11	0.65	0.75	0.74	1.21	1.98
Capulin	36.7	65	14	0.00	0.44	0.89	0.72	1.85
Las Vegas	41.3	63	15	0.00	0.16	0.56	0.29	1.27
Los Alamos	36.8	61	18	0.09	0.10	1.22	0.41	2.88
Raton	39.9	62	16	0.21	0.82	0.83	0.86	1.84
Santa Fe	38.6	63	14	0.17	0.33	0.74	0.59	2.06
Red River	30.4	46	2	0.35	0.75	1.78	3.19	4.07
Farmington	40.1	60	20	0.36	0.64	0.81	1.68	1.97
Gallup	36.9	64	11	0.15	0.44	1.05	1.23	2.59
Grants	36.9	64	8	0.13	0.20	0.50	0.34	1.50
Silver City	43.4	69	24	0.28	0.28	0.96	0.28	3.37
Quemado	35.9	68	9	0.21	0.47	0.63	0.91	1.69
Albuquerque	44.6	67	27	0.24	0.24	0.54	0.80	1.44
Carrizozo	46.1	68	25	0.18	0.18	0.57	0.18	1.74
Gran Quivera	43.6	68	21	0.13	0.13	0.72	0.21	2.24
Moriarty	37.1	61	11	0.00	0.00	0.53	0.08	1.44
Ruidoso	42.1	65	16	0.11	0.11	1.33	0.21	3.61
Socorro	46.0	72	20	0.13	0.13	0.27	0.17	1.05
Alamogordo	49.1	72	29	0.02	0.02	0.46	0.02	1.67
Animas	50.7	77	27	0.00	0.00	0.47	0.00	1.66
Deming	50.3	76	26	0.13	0.13	0.34	0.16	1.36
T or C	50.0	72	27	0.08	0.08	0.34	0.08	1.18
Las Cruces	49.9	78	28	0.00	0.00	0.22	0.00	1.05

(T) Trace (-) No Report (*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

Livestock Situation and Outlook

USDA, ERS, February, 2000

SUMMARY Cattle inventories have been declining since 1996, but clear signs of future beef production cutbacks are slow to materialize. In spite of the inventory declines and near record heifer slaughter over the past 3 years, feedlot placements remain large, including placements at heavy weights. Extremely dry conditions in most overwintering areas and declining forage prospects have forced many calves and a large number of yearlings into feedlots. Heifers on feed remain large and even more may be placed on feed this winter rather than being retained for herd expansion. Beef supplies will remain large through early summer. Larger beef supplies and seasonal gains in the proportion grading Choice and higher will take some of bloom off the market from the sharp runup in prices last fall when Choice supplies were very tight. Recent declines in retail prices suggest at least some of the fall price runup in prices may have been due to high expectations on "millennial" beef movements, which certainly won't provide much help in 2000. Continued support is likely from a strong economy and continued good hotel-restaurant and export demand for high quality beef.

Moisture Levels Raise Concerns

Continued dry conditions throughout a large portion of United States are raising concerns about crop and forage prospects in 2000. Currently, grain stocks remain large for livestock feeding, with the farm price of corn expected to range from \$1.75 to \$2.05 a bushel, about unchanged from 1998/99's \$1.94 a bushel and well below the \$2.43 in 1997/98.

Hay stocks on December 1, 1999, were down 3 percent from a year earlier, but remain adequate for the reduced inventories of roughage consuming animal units. However, feed use has been large, and supplemental feeding will likely remain large until spring grazing season begins. Hay stocks on May 1, 1999 were the largest since 1992 and the 1999 hay crop was record large. Consequently, with the heaviest feeding season from December through early spring, hay stocks are likely to decline sharply increasing the importance of a good forage year. In general, conditions have been relatively dry since 1995/96, particularly in the southern half of the country. Dry conditions are now spreading into the northern parts of the country. A good spring grazing season and the rebuilding of hay stocks will be important criteria for many cattlemen considering herd expansion.

Cattle Inventories Continue Decline

All cattle and calves in the U.S. on January 1, 2000 totaled 98 million head, down 1 percent from a year earlier, and the fourth year of decline from the 1996 peak of 103.5 million head. Total cow inventories and replacement heifer inventories continue to show only very modest declines. The January 1 cow inventory was down only fractionally, with beef cows down 0.6 percent and dairy cows up 0.6 percent. Beef cow replacement heifers were down only slightly from a year earlier, while dairy cow replacement

heifers were down 3 percent. While cow slaughter has declined fairly sharply over the past couple of years, heifer slaughter and heifers on feed remain very large.

Feeder Cattle Supplies Drop

Supplies of feeder cattle outside feedlots on January 1, 2000 were down 5 percent from a year earlier and the lowest since 1991. Cattle on feed in all feedlots were up 6 percent and accounted for much of the decline, although most of the cattle inventory categories were down marginally. Already declining feeder cattle supplies were sharply reduced in January with placements up 15 percent from a year earlier. Very dry conditions forced more cattle off grazing programs and into feedlots. These are cattle that normally would not have been placed on feed until late winter-early spring.

Beef Production To Remain Large

Sharply higher than expected feedlot placements, particularly heavier weight feeders, continues to force upward revisions in beef production estimates through summer. Fall placements were up over 8 percent from a year earlier and placements remain large in early 2000. All four weight categories in the latest placement data were above a year earlier. The pace of fed cattle marketings remains disappointing and slaughter weights remain well above a year earlier. The recent placement data ensure that fed beef production will remain above a year ago until at least mid summer. Cow beef production will continue well below year-earlier levels. Slaughter weights are likely to remain on a record setting binge as the market remains strong for higher quality beef with consistency. Total beef production in the first quarter is expected to be about 1 percent above a year earlier as large fed beef production more than offsets low cow beef production. Production in the spring and summer quarters may decline 1 to 2 percent as cow slaughter declines to near cyclical lows.

Fed Cattle Prices Likely Under Pressure Until Midsummer

Fed cattle prices are likely to average \$67 to \$68 per cwt this winter with heavy weights and large slaughter potential placing cattle feeders in a weaker bargaining position. A strong economy and continued high consumer confidence helps support beef prices, particularly higher quality beef at the hotel-restaurant market. Prices are likely to range from \$67 to \$69 this spring and summer as feedlots attempt to get current. Prices are likely to move into the low-\$70's this fall as the impact of reduced feedlot placements beginning in late winter begin to verify the impact of 4 years of declining cattle inventories.

Similarly, feeder cattle prices are likely to remain in the mid-\$80's per cwt for much of the year. Prices will be increasingly sensitive to forage and crop developments this spring. A continued strong demand for beef and declining feeder cattle supplies will support prices.

However, rising feeder cattle prices and consequently, break-evens on fed cattle to be marketed through early summer will hold down feeder price increases until fall.

Retail Choice Beef Prices Remain Strong

Retail prices for Choice beef averaged \$2.88 a pound in 1999, up 11 cents from a year earlier and the strongest since 1993's \$2.93. Prices peaked in December at \$3.02 a pound as the purchases for millennial events appeared to peak. Prices likely will return to more typical supply-demand relationships established in 1999 and average near \$3.00 a pound in 2000. Prices for Choice beef at retail declined to \$2.95 in January, but are likely to remain in the upper \$2.90's until fall when they are likely to rise above \$3.00 a pound.

Beef Exports To Remain Unchanged

Beef exports in 2000 are expected to be near 1999's record high of 2,328 million pounds. Markets are expected to be somewhat mixed on the export side, but generally more limited by increased prices than in 1999. Given continuation of the weak Japanese economy, demand for U.S. beef is expected to remain stable there, at best, and to shift more toward frozen, or less expensive fresh product. Beef exports to Canada are also expected to decline, as live cattle exports to Canada increase and cattle imports decline. Exports to Caribbean countries largely service the tourist trade, and demand is expected to exhibit limited strength as long as economic growth continues, in spite of high prices. Exports to other countries may be flat or down as higher prices ration demand in these mainly middle-income countries.

Beef Imports To Increase Again

Beef imports are expected to rise about 5 percent in 2000 after rising 9 percent in 1999. Imports of both

manufacturing beef and higher quality cuts are expected to rise further in 2000, as continuing increases in domestic prices ration supply. A lower U.S. cow slaughter in 2000 will push up prices of lean beef, and ample supplies will be available in Australia, New Zealand, and South America. Both Argentina and Uruguay are expected to at least approach their tariff-rate quotas (TRQ's) this year, as their prices will remain low because of a continued weak Brazilian market. Continued popularity of microwaveable products will induce increased imports of cooked product from Brazil. Increased retention of feeder cattle in Canada and larger exports of feeders from the U.S. to Canada are expected to keep beef imports from Canada strong through at least the first part of this year. The value of imports may rise significantly. Imports in 1999 increased from all countries except New Zealand, which was rebuilding its cattle herd. Australia and New Zealand are the primary suppliers of frozen, lean manufacturing beef for use in blending with fatter trimmings to satisfy hamburger demand. These imports account for about 50 percent of U.S. imports. Imports from Australia were up a little over 1 percent.

Beef Balance of Trade Narrows

The value of exports again exceeded the value of imports in 1999, but the difference narrowed to \$645 million, down from \$654 million in 1998 because higher domestic prices began to limit exports and pull in more imports. The average export unit value for beef exports was \$1.19, up from \$1.15 in 1998. While exports of fresh and chilled beef have risen slightly faster than frozen product in past years, exports of frozen increased slightly more last year in response to higher prices. The outlook for 2000 is for exports to remain about the same and imports to increase, and the value difference to narrow even more.